



770. J. R. Jackson (R)

UNITED STATES GENERAL ACCOUNTING OFFICE
REGIONAL OFFICE
ROOM 803 FOX PLAZA BUILDING, 1340 MARKET STREET
SAN FRANCISCO, CALIFORNIA 94102

75-0072

IN REPLY REFER TO:
00107

29 OCT 74

Mr. William C. Arntz, Regional Administrator
Federal Energy Administration
111 Pine Street
San Francisco, California 94111



Dear Mr. Arntz:

During our current review of Federal Energy Administration operations relating to the allocation and pricing of fuel, we found that the J. J. Addison, Inc. (Addison) and the Consumer Oil Operations (COO), Sacramento, California, might have violated the provisions of the Fuel Allocation Program. We estimate that during the critical period of January 15 to May 30, 1974, 350,000 gallons of gasoline were diverted from service stations which, it appears, were leased by COO solely to obtain allocated fuel.

The supplier of this fuel, Addison, leases out and supplies a number of company-owned service stations and supplies other noncompany-owned service stations. On January 15, 1974, three of the company-owned stations in the Sacramento area were leased to COO. We were told that COO never operated these stations but, rather, sold the allocated fuel to other service station operators in the central California area. Addison records indicate that all fuel deliveries to COO were made to locations other than the leased stations.

In addition, 119,450 and 57,234 gallons of fuel were moved or transferred by Frederickson Tank Lines and Petroleum Tank Lines, respectively, for COO. These transfers appear to have been manipulations of fuel among COO customers, some of which were also Addison customers. This data, which is attached, was obtained from the California State Board of Equalization.

We were unable to locate COO or its operator, Mr. K. Gary. We were told, however, that Mr. Gary has a criminal record and is currently wanted by law enforcement agencies. We were also told that Mr. Gary had apparently bilked several retailers of various sums of money.

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We would appreciate being advised whether, in your view, there have been apparent violations of the Fuel Allocation Program by the suppliers and retailers involved and, if so, what action you propose.

Detailed information on this matter was provided to Mr. Walter L. Calvin of your Sacramento office on September 30, 1974. However, should you have any questions or need additional information, please call Mr. J. Mansheim at 415-956-0200.

Sincerely yours,

A. M. Clavelli

A. M. Clavelli
Regional Manager

Enclosure

cc: Mr. J. D. Peach (RED)

FREDERICKSEN TANK LINES, Inc.

PETROLEUM PRODUCTS

Delivered Where You Want It—When You Want It

P.O. BOX 717—2900 RICE AVENUE

WEST SACRAMENTO, CALIFORNIA 95691

TELEPHONE 371-4655; 925-0172

LOADS HAULED BY FTL FOR CONSUMER'S OIL (KEN GARY)

DATE 1974	INV. # (FTL)	GALS	PICK UP AND DELIVERY PT.	DRIVER'S NAME	PICK-UP SIGNATURE	RECEIVE SIGNATURE
3/22	23243	8600	From: 8651 Folsom Blvd. Sacto, Cal. To: 2304 So. Lake Tahoe So. Lake Tahoe, Cal.	Sidney Morrell	none	Ken Gar
3/25	13266	8800	From: 8651 Folsom Blvd. Sacto, Cal. To: Lil' Bear Service Main Ave. Walnut Creek 52 EMB 21 644447	Roy Terry	none	Ken Gar
3/27	23221	5000	From: Walnut Creek To: Verli Pit Stop 3230 No. Westlane Stockton, Cal.	Rex Foss	none	Carolyn Hensel
3/27	13335	--0-- no fuel	From: Went to Pump Out Hancock Station 2057 So. El Dorado Blvd. Stockton, Cal.	Steve Hoffman	none	no del
3/28	25527	5000	From: 2057 So. El Dorado Stockton, Cal To: Datsun Dealer 443 San ? Ave. San Jose, Cal.	Steve Hoffman	none	Jennes
3/29	23223	8500	From: Walnut Creek To: Rocket Station 2304 So. Lake Tahoe Blvd. So. Lake Tahoe, Cal.	Rex Foss	none	R. Eric
3/30	26749	8000	From: 8612 Folsom Blvd. Sacto, Cal. To: Lil' Bear Main Ave. Walnut Creek, Cal.	Joe Westover	none	Wayne
4/1	23255	8250	From: 2304 So. Lake Tahoe So. Lake Tahoe, Cal To: Hancock Station	Rex Foss	none	Dan Sc

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LOADS HAULED BY FTL FOR CONSUMER'S OIL (KEN GARY) CONTINUED:

DATE 1974	INV.#	GALS.	PICK UP AND DELIVERY PT.	DRIVER'S NAME	PICK-UP SIGNATURE	RECEIVER SIGNATURE
4/2	27650	5000	From: 8651 Folsom Blvd. Sacto, Cal. To: Rocket Station 2304 S. Lake Tahoe Blvd. So. Lake Tahoe, Cal.	Joe Westover	none	none - Station Closed
4/3	14252	8000	From: 3319 Mt. Diablo Lafayette, Cal. To: 2057 So. Eldorado Blvd. Stockton, Calif.	Joe Westover	none	none - Station Closed
4/4	13273	4000	From: Walnut Creek To: Pit Stop Alpine and Westlane Stockton, Cal.	Roy Terry	W. Turnage	Carolyn Hensel
4/8	14257/8	8600	From: Lil' Bear 604 Ygnacio Valley Rd. Walnut Creek, Cal. (14257 - 4000) To: Hancock Station 2057 So. Eldorado Blvd. Stockton, Cal. (14258 - 4600) To: Burlee Pit Stop 3230 No. Westlane Stockton, Cal.	Joe Westover	none	yes, illegi none - Station Closed
4/8	14460	8600	From: Walnut Creek To: Happy Gas Oakdale, Calif.	Sidney Morrell	none	Cheryl Carver
4/10	14259	8000	From: Happy Gas 1342 F. Street Oakdale, Cal. To: Lil' Bear 604 Ygnacio Valley Rd. Walnut Creek, Cal.	Joe Westover	none	Ken Gary for ???
4/19	24936	3000	From: 5500 Florin Rd. Sacto, Cal. To: Pit Stop Alpine and Westlane Stockton, Cal.	Roy Terry	none	Leroy Hensel

BURBANK OIL AND GAS CO.
THEFT INVESTIGATION

SCHEDULE DELIVERIES FOR SUSPECT
GARY BY PETROLEUM TANK LINES TO STATIONS

Information from C. Moore, Petroleum Tank Lines:

Pick up date	Location	gallons	Delivered to	Location
5 - 30 - 74	Pit Stop Stockton	8,700	J. Heon	Stockton
5 - 30 - 74	Pit Stop Stockton	8,556	Happy Gas	Oakdale
5 - 2 - 74	Eidell Rocket So. Lake Tahoe	4,300	Gary Station 5600 Florin	Sacto.
5 - 11 - 74	Eidell Rocket So. Lake Tahoe	4,200	Gary Station 5600 Florin	Sacto.
5 - 15 - 74	Gary Station Florin Rd	4,000	Happy Gas	Oakdale
5 - 17 - 74	Eidell Rocket So. Lake Tahoe	4,500	Gary Station Florin Rd.	Sacto.
5 - 20 - 74	Eidell Rocket So Lake Tahoe	3,000	J. Heon	Stockton
5 - 20 - 74	Gary Station Florin Rd	3,489	J. Heon	Stockton
5 - 20 - 74	Gary Station Florin Rd.	2,489	Happy Gas	Oakdale
5 - 22 - 74	Regal Folsom	4,800	Pit Stop	Stockton
5 - 21 - 74	Pit Stop Stockton	4,800	J. Heon	Stockton
5 - 26 - 74	Gary Station Florin Rd	4,400	J. Heon	Stockton

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DATE 1974	INV.#	GALS.	PICK UP AND DELIVERY PT.	DRIVER'S NAME	PICK-UP SIGNATURE	RECEIVER SIGNATURE
7/20	14377/8	5000	From: Rocket Station Hwy 50 and Truckee Ln. So. Lake Tahoe, Cal	Norm Ulrich	none	
	(14377 - 2000)		To: Co-op Station 5500 Florin Road Sacto, Cal.			none
	(14378 - 3000)		To: Burlee Pit Stop Alpine and Westlane Stockton, Cal.			none
7/22	14269	3000	From: J. Heon 2057 S. Eldorado Stockton, Cal. To: Verii Pit Stop 3230 N. Westlane Stockton, Cal.	Joe Westover	Jim Heon	Paulette Wilkerson
7/25	14271	8000	From: Rocket Station Folsom Blvd. Sacto, Cal. To: Escalon Tire Supply 3rd and Main Escalon, Cal.	Joe Westover	none	Glen Langren
7/26	26554	6000	From: Rocket Station Folsom Blvd. Sacto, Cal. (2000) To: Florin Rd. Sacto, Cal. (4000) To: Hoppy Gas Oakdale, Cal.	Richard Knapp	none	Heon